

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EA-06 IO-10 ISO-00 CIAE-00 DODE-00

PM-03 H-02 INR-07 L-02 NSAE-00 NSC-05 PA-01 PRS-01

SP-02 SS-15 USIA-06 AGR-05 COME-00 LAB-04 STR-01

TRSE-00 CIEP-01 FRB-03 OMB-01 /089 W

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P R 142048Z MAR 75

FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC PRIORITY 7637

INFO AMEMBASSY BOGOTA

USMISSION GENEVA

AMEMBASSY MEXICO

AMEMBASSY PORT AU PRINCE

AMEMBASSY SAN JOSE

AMEMBASSY TOKYO

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E.O. 11652 - N/A

TAGS: ETRD, ES

SUBJ: TEXTILES -- USG/GOES BILATERAL AGREEMENT

GENEVA FOR PHELAN; DEPT ALSO FOR MINISTER JURICH;

REF: SAN SALVADOR 0960

1. IN MARCH 12 CONVERSATION WITH ME, FONMIN BORGONOVNO STATED
GOES WAS STILL IN PROCESS OF MAKING COMPREHENSIVE SURVEY OF ALL
SALVADORAN TEXTILE FIRMS (HE GAVE ME COPY OF THE DETAILED FORMAT
BEING USED WHICH I AM AIR-POUCHING TO DEPT). HE EXPECTS THIS
SURVEY TO BE COMPLETED ABOUT A WEEK AFTER EASTER AND AN
ANALYSIS OF THE RESULTS BY MID-APRIL. THE GOES WOULD THEN
REQUEST EARLIEST OPPORTUNITY TO PRESENT ITS FINDINGS TO
APPROPRIATE US OFFICIALS RESPONSIBLE FOR TEXTILE NEGOTIATIONS
SO THAT THOSE OFFICIALS COULD TAKE THEM INTO ACCOUNT BEFORE
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DRAFTING OUR NOTE INCORPORATING THE TEXT OF THE TEXTILE

AGREEMENT.

2. HE EXPLAINED THAT THE GOES DOES NOT RPT NOT INTEND TO ABANDON THE COMMITMENT IT INITIATED IN OUR JOINT MEMORANDUM OF UNDERSTANDING OF JANUARY 24 BUT DOES EXPECT AN OPPORTUNITY TO DISCUSS WITH US NEGOTIATORS THE RESULTS OF ITS SURVEY. HE BELIEVES IT ESSENTIAL FOR EL SALVADOR TO BE GIVEN SUCH AN OPPORTUNITY FOR THE FOLLOWING REASONS:

A) THE GOES NEGOTIATORS HAD NOT DONE THEIR HOMEWORK, IN PART BECAUSE OF INDIFFERENT PRIVATE SECTOR COOPERATION, AND HAD THUS NEGOTIATED LARGELY ON THE BASIS OF IMPROVISED RATHER THAN EXACT DATA;

B) SUBSEQUENTLY, IMPORTANT SECTORS OF SALVADORAN TEXTILE INDUSTRY HAD COMPLAINED TO THE GOES THAT THEIR INTERESTS HAD NOT BEEN ADEQUATELY SET FORTH IN THE NEGOTIATIONS (BORGONOVO TOLD US HE BLAMED THESE INDUSTRIALISTS FOR LACK OF INTEREST AND COOPERATION PRIOR TO AND DURING THE NEGOTIATIONS); AND

C) FINALLY (AND, IN HIS JUDGEMENT, PARTICULARLY CONSEQUENTIAL), US TEXTILE IMPORTERS HAD VISIT EL SALVADOR AFTER THE NEGOTIATIONS AND, BASED ON THEIR ESTIMATE OF THE SITUATION IN THE US, ALLEGED THAT EL SALVADOR COULD HAVE NEGOTIATED A MUCH MORE ADVANTAGEOUS AGREEMENT THAN THE ONE THEY INITIALED ON JANUARY 24.

3. COMMENT: GOES HAS ALLOWED TWO DEADLINES UNDER MEMORANDUM OF UNDERSTANDING TO PASS, 15 DAY LIMIT FOR PRESENTING ANNEX A DATA AND 30 DAY LIMIT FOR PRESENTING FINAL GROUP 1 TOTAL. DELAY TO MID-APRIL WILL ALLOW THIRD DEADLINE, BEGINNING OF TEXTILE YEAR ON APRIL 1, TO PASS AS WELL. DATA BEING COLLECTED FOR REQUESTED DISCUSSIONS WITH US ARE FROM INDUSTRY SOURCES AND NOT FROM GOES. ALFREDO MILIAN OF FOREIGN TRADE INSTITUTE IS COORDINATING EFFORT. DATA INCLUDE EXPORTS BY VOLUME/ COUNTRY, PRODUCTION BY CATEGORY, INPUTS BY ORIGIN AND FUTURE CONTRACTS BY COUNTRY. EMBASSY HAS CONSISTENTLY NOTED TO GOES OFFICIALS THAT OFFICIAL DATA ARE KEY, NOT INDUSTRY LIMITED OFFICIAL USE

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REPORTS, AND AGREEMENT SHOULD BE BASED ON HISTORIC DATA NOT PROJECTION. DESPITE MINISTER'S RATHER SOFT APPROACH, CONTACTS AT GOES WORKING LEVELS REVEAL A VERY PERVASIVE CONVICTION THAT GOES INTENDS TO USE DATA TO TRY TO RENEGOTIATE SUBSTANTIAL INCREASES THEORETICALLY WITHIN FRAMEWORK OF MEMORANDUM OF UNDERSTANDING BUT IN FACT MAKING MAJOR CHANGES, ESPECIALLY IN GARMENT CATEGORIES, FAVORABLE TO EL SALVADOR. AS TWO DEADLINES HAVE PASSED AND THIRD WILL PROBABLY ALSO GO BY

EMBASSY WOULD APPRECIATE THE DEPARTMENT'S VIEW ON THESE DELAYS
AND INSTRUCTIONS ON WHAT, IF ANY, POSITION IT WOULD TAKE.
CAMPBELL

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